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FORM 10-Q

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ES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 1991

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 014699

MARIETTA CORPORATION

(Exact name of Registrant as specified in its Charter)

New York	16-1074992
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
37 Huntington Street, Cortland, New York	13045
(Address of Principal Executive Offices)	(Zip Code)

(607) 753-6746

(Registrant's Telephone Number, including area code)

Not Applicable

(Former name, former address, and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

As of February 28, 1992, there were outstanding 3,570,172 shares of the registrant's Common Stock, par value $.01 per share.

MARIETTA CORPORATION

FORM 10-Q

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None Applicable.

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INTRODUCTORY NOTES

During October 1991, Marietta Corporation (the "Company" or "Marietta") announced that it had discovered evidence of embezzlement of funds by a former financial officer and of other financial irregularities, and had directed its auditors, Coopers & Lybrand, and its company counsel, Rubin Baum Levin Constant & Friedman, to conduct an internal investigation, and appointed a Special Committee of the Board, consisting of two independent directors, to oversee the inquiry. The Special Committee retained the law firm of Andrew M. Lawler, P.C., which in turn retained the firm of Deloitte & Touche, to advise and assist the Special Committee.

The investigation has identified misstatements in Marietta's quarterly and annual financial statements which principally involve overstatements of fixed assets, sales, income and retained earnings. The Company has filed amendments on Form 8 to its previously filed Annual Reports on Form 10-K for the years ended September 30, 1987, 1988, 1989 and 1990 which contain restated financial statements for those years together with the opinions on the restated financial statements from Coopers & Lybrand.

The previously reported earnings on a pre-tax basis for the fiscal years ended September 30, 1987, 1988 and 1989 have been overstated by $234,243, $251,705 and $998,201, respectively. The previously reported earnings for the fiscal year ended September 30, 1990 were correctly stated, although there were misstatements in the financial statements for that year. The previously issued quarterly reports for those years may reflect misstatements of a greater or lesser magnitude than the above. A determination has not been made as to whether Marietta can recover any tax benefits from the estimated adjustments in earnings.

As previously reported, the amount embezzled by the former financial officer appears to be approximately $400,000.

Marietta promptly advised appropriate law enforcement offices and the Securities and Exchange Commission of the discovery of the embezzlement and of the financial statement irregularities and has kept those agencies advised of the progress of the investigation. Although the Company has not been formally notified thereof, the Securities and Exchange Commission and the United States Attorney for the Northern District of New York are each conducting independent investigations of the matters described above.

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS.

MARIETTA CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	THREE MONTHS ENDED DECEMBER 31,	
	1991	1990
NET SALES	$12,579,370	$11,821,721
COST OF SALES	9,809,247	9,055,404
GROSS PROFIT	2,770,123	2,766,317
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSE	3,062,330	3,185,322
OPERATING LOSS	(292,207)	(419,005)
OTHER EXPENSE, NET	93,528	183,036
LOSS BEFORE INCOME TAXES	(385,735)	(602,041)
INCOME TAXES	(81,148)	(157,294)
NET LOSS	($304,587)	($444,747)
NET LOSS PER SHARE	($0.09)	($0.12)
WEIGHTED AVERAGE SHARES OUTSTANDING	3,570,172	3,655,488

MARIETTA CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS	DECEMBER 31, 1991	SEPTEMBER 30, 1991
	(UNAUDITED)	
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	$4,251,550	$5,698,103
MARKETABLE SECURITIES	1,332,463	106,283
ACCOUNTS RECEIVABLE, NET	6,606,886	8,736,148
INVENTORIES	12,637,277	12,290,298
REFUNDABLE INCOME TAXES	676,179	509,219
OTHER CURRENT ASSETS	242,927	409,910
TOTAL CURRENT ASSETS	25,747,282	27,749,961
PROPERTY, PLANT AND EQUIPMENT, NET	23,273,664	23,579,714
RESTRICTED CASH	1,200,000	1,100,000
EXCESS OF COST OVER NET ASSETS ACQUIRED	3,708,857	3,747,246
OTHER ASSETS	2,457,295	2,194,706
TOTAL ASSETS	$56,387,098	$58,371,627
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	$2,866,640	$3,143,189
ACCRUED PAYROLL	571,166	699,520
ACCRUED EXPENSES	946,039	1,147,177
CURRENT PORTION OF LONG-TERM DEBT	387,815	386,655
INCOME TAXES PAYABLE	134,652	148,211
TOTAL CURRENT LIABILITIES	4,906,312	5,524,752
LONG-TERM DEBT	9,767,512	10,777,900
CONVERTIBLE SUBORDINATED NOTE	261,840	260,760
DEFERRED INCOME TAXES	595,957	595,957
OTHER LIABILITIES	473,122	410,584
TOTAL LIABILITIES	16,004,743	17,569,953
SHAREHOLDERS' EQUITY:		
PREFERRED STOCK,$.01 PAR VALUE, AUTHORIZED 1,000,000 SHARES		
COMMON STOCK,$.01 PAR VALUE, AUTHORIZED 10,000,000 SHARES, ISSUED 3,996,268 AND 3,996,268 SHARES, RESPECTIVELY	39,962	39,962
ADDITIONAL PAID-IN CAPITAL	36,750,769	36,750,769
COMMON STOCK NOTES RECEIVABLE	(886,950)	(886,950)
TREASURY STOCK	(4,038,167)	(4,038,167)
RETAINED EARNINGS	8,488,027	8,792,627
EQUITY ADJUSTMENT FROM FOREIGN CURRENCY TRANSLATION	28,714	143,475
TOTAL SHAREHOLDERS' EQUITY	40,382,355	40,801,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$56,387,098	$58,371,627

MARIETTA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED DECEMBER 31, 1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME	$ (304,587)	$ (444,747)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	850,941	895,566
PROVISION FOR DOUBTFUL ACCOUNTS	57,893	31,588
PROVISION FOR INVENTORY OBSOLESENCE	163,156	37,740
DEFERRED COMPENSATION	62,535	72,402
DEFERRED INCOME TAXES		(22,500)
CHANGES IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	2,051,519	2,894,400
INVENTORIES	(542,392)	(2,187,330)
OTHER CURRENT ASSETS	165,023	(98,126)
OTHER ASSETS	(432,045)	(14,508)
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(599,257)	162,883
INCOME TAXES	(180,566)	(421,186)
NET CASH PROVIDED BY OPERATIONS	1,292,220	906,182
CASH FLOWS FROM INVESTING ACTIVITIES:		
CAPITAL EXPENDITURES	(485,270)	(627,866)
PURCHASES OF MARKETABLE SECURITIES	(1,226,180)	(60,000)
NET CASH USED IN INVESTING ACTIVITIES	(1,711,450)	(687,866)
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET PROCEEDS UNDER REVOLVING CREDIT LOAN		125,000
PAYMENTS OF LONG-TERM DEBT		(148,019)
PURCHASE OF TREASURY STOCK	(1,009,229)	(778,125)
NET CASH USED BY FINANCING ACTIVITIES	(1,009,229)	(801,144)
EFFECT OF FOREIGN CURRENCY TRANSLATION	(18,094)	(2,435)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,446,553)	(585,262)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,698,103	4,675,508
CASH AND CASH EQUIVALENTS, END OF PERIOD	$4,251,550	$4,090,246
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH, PAID DURING THE YEAR FOR:		
INTEREST	$210,592	$168,030
INCOME TAXES	101,913	329,000

MARIETTA CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The statements for the period ended December 31, 1991 are unaudited. In the opinion of the Company the statements include all adjustments necessary for a fair presentation of the results for the periods. The results of operations for the three months ended December 31, 1991 are not necessarily indicative of the results of operations to be expected for the year ending September 30, 1992. The weighted average shares outstanding December 31, 1990 have been corrected in this report to 3,655,488 from the 3,459,672 shares previously reported on Form 10-Q.

Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the audited financial statements and notes thereto for the year ended September 30, 1991 included in the Company's Annual Report on Form 10-K.

A purported class action has been commenced against the Company by two stockholders who purchased stock at various times during 1989 and 1991. The cause of action alleges, among other things, misrepresentation in or omissions from various financial statements prepared by the Company. The action seeks an unspecified amount of damages. No assurances can be given as to the outcome of this litigation, which could have a material adverse effect on the Company.

During fiscal 1991 the Company developed and commenced implementation of new cost accounting, inventory control, and production planning systems to enable management to receive the information necessary to better manage and control the operations, inventories and other assets of the Company. Implementation of these improved systems and controls has been substantially completed during the first quarter of fiscal 1992. In connection with the investigation of the irregularities of the Company's financial statements referred to in the Introductory Notes and the audit of the Company's financial statements for the year ended September 30, 1991, no independent audit was made of quarterly periods during fiscal 1991. As a result of the above factors, certain amounts in the fiscal quarter to fiscal quarter comparisons contained in this report may not be directly comparable; however, management believes that the overall results of operations are comparable in all material respects.

Note 2. Inventories.

Inventories are stated at lower of cost or market. Cost is determined on the first-in, first-out method.

Inventories consisted of the following:

	December 31, 1991	September 30, 1991
Raw materials and supplies	$ 5,740,036	$ 5,846,347
Finished goods	6,897,241	6,443,951
	$12,637,277	$12,290,298

ITEM 2. Management's Discussion and Analysis

of Financial Condition and Results of Operations

Results of Operations

Net sales increased in the quarter ended November 30, 1991 by [illegible] to $[illegible] from $11,821,721 in the prior year's first quarter. The increase of $[illegible] was attributable to an increase in custom packaging sales.

For the first quarter of fiscal 1992 the Company's gross profit margin decreased to 22.0% from 23.4% during the same period of fiscal 1991. Manufacturing costs at the Company's soap manufacturing facility were geared to a higher level of sales than attained thus having a negative impact on the [illegible]. The Company has initiated a concentrated effort to reduce costs with an emphasis on improved scheduling, production control, cost measurement and inventory control.

Selling, general and administrative expenses as a percent of sales decreased to 24.3% in the current quarter from 26.9% in the first quarter of [illegible].

Other expense, net represents the netting of interest expense and investment income. The investment income of $162,000 in the current quarter compares favorably with $119,000 in the prior year's first quarter. Interest expense has decreased substantially from $302,000 in last year's first quarter to $[illegible] this year due to the repayment of long-term debt.

Mariotta's effective income tax rate for federal, state and foreign income taxes was 26.1% in the first quarter of 1991 as compared to [illegible] for the first quarter of fiscal 1992. In both periods the benefits of the domestic federal loss carryback were partially offset by state franchise capital taxes and the inability to utilize a foreign loss as a carryback.

As a result of the above factors the net loss decreased from $[illegible] in the first quarter of fiscal 1991 to a loss of $[illegible] in this year's first quarter.

[redacted]

PART II

OTHER INFORMATION

No applicable items

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARIETTA CORPORATION

Date: March 26, 1992 By: _____

John S. Nadolski, President and
Chief Executive Officer

Date: March 26, 1992 By: _____

William T. Nanovsky,
Senior Vice President and
Principal Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARIETTA CORPORATION

Date: March 26, 1992

By: /s/ John S. Nadolski

John S. Nadolski, President and
Chief Executive Officer

Date: March 26, 1992

By: /s/ William T. Nanovsky

William T. Nanovsky,
Senior Vice President and
Principal Financial Officer